



Dear Employee,

Welcome to your 2016 Flexible Spending Plan administered through Auxiant. Your employer has made this benefit available to you as a way to increase your take-home pay and reduce your taxes.

The money that you elect to set aside for your Flexible Spending Plan is automatically deducted from your salary on a pre-tax basis and deposited into your flexible spending account before federal, state and FICA taxes are withheld. ***Total Annual Maximum Election amount allowed for Unreimbursed Medical Expenses Plan is \$2,550.00. OTC Medications remain ineligible.***

After you incur your medical or dependent care expenses, you simply submit a completed claim form to Auxiant along with any required documentation (such as receipt or explanation of benefits) for reimbursement of your eligible expenses. A claim form is included in this packet. You will receive reimbursement once your claim is processed by Auxiant.

Within the packet is information regarding automatic rollover from the health plan. You must be enrolled in your employer's Health Plan to take advantage of this option.

Included with this letter is the following information:

- Frequently Asked Questions
- Eligible Expenses for Reimbursement under Flexible Spending
- Flexible Spending Enrollment Form
- Flexible Spending Claim form
- Dependent Childcare Annual Request Form
- Sample Explanation of Benefits
- How Flexible Spending Compensation Can Work
- Flexible Spending Employee Worksheet
- Direct Deposit Form

Should you have any questions, please feel free to contact Auxiant at

P.O. Box 75008  
Cedar Rapids, IA 52407-5008  
Attention: Flex Department  
Phone: (319) 398-3283 or (800) 475-2232 ext. 1227  
Fax (319) 739-1109



## **Frequently Asked Questions & Answers Regarding Flexible Benefits**

**Q. How do I submit my expenses for reimbursement?**

A. Enclosed with this packet is an Auxiant Flexible Spending Claim form. Please complete the claim form and attach any necessary document to the form. You may either mail or fax the completed form with documentation to Auxiant. Please note that Auxiant has the ability to rollover unpaid expenses from your medical plan if you enrolled in the group health plan administered by Auxiant. Unpaid expenses would include your deductible, coinsurance amounts, copays or non covered expenses. If you are interested in this option, please check the box on your flexible spending enrollment form. If you check this box, Auxiant will automatically apply any unpaid expenses (the Patient Due amount) toward your flexible spending balance. You will continue to receive the Explanation of benefits (EOB) from your medical plan. You will also receive an EOB for flexible spending. If you choose this option, you will not need to file your flexible spending claim with Auxiant.

**Q. Can checks from the Flexible Spending Account be made payable to the provider of service?**

A. No, you must incur the expense for health or dependent care before reimbursement can be made. The checks for reimbursement can only be made payable to the individual employee.

**Q. What happens to money left in the account at the end of the year?**

A. If you are enrolled in the Health Care and Dependent Care Spending Accounts as of the end of the plan year, you are eligible for a 75 day (two-and-a-half month) grace period. The grace period allows you and your dependents (if applicable) to continue incurring Medical Care and Dependent Care Expenses for up to 75 days (two-and-a-half months) following the end of the plan year and to be reimbursed for those expenses with any remaining account balance from the prior plan year. The Medical Care and Dependent Care Expenses that you and your dependents (if applicable) incur during the grace period (as well as those incurred during the plan year) are subject to your Health Care and Dependent Care Spending Accounts timely filing provision. If, at the end of the timely filing deadline there is a balance left in your account from the previous plan year that amount will be forfeited.

## **Frequently Asked Questions & Answers Regarding Flexible Benefits**

**Q. How can I change my salary reduction or benefit levels?**

A. You may change your salary reduction on a yearly basis. You may elect new benefit coverage's on a yearly basis during the enrollment period. Changes to your salary reduction are not allowed during the year except when one of the following IRS approved status changes occurs:

- Marriage or Divorce
- Birth or Death of a family member
- Loss of employment
- Loss of spouse's employment
- Spouse changes from part-time to full-time employment or from full-time to part-time or takes and unpaid leave of absence
- Significant change in the coverage offered by the spouse's employer that affects the spouse and / or employee

**Q. What expenses will the flexible reimbursement accounts cover?**

A. Each account (dependent care and unreimbursed medical care) has its own list of eligible expenses. The unreimbursed medical care portion can be viewed as an extension of your health care plan. A sample list of eligible expenses is included in this packet. The dependent care portion covers expenses that are necessary for your dependent's care, so that you (and your spouse, if you are married) can work. The category of eligible dependents includes children, disabled spouse, and disabled adult dependents. A child must be under age 13 or be disabled to be considered a dependent for tax purposes.

It is important to remember that any expenses you submit to your flexible spending accounts cannot be itemized on your tax return. You can do one or the other but not both.

**Q. Are Insurance Premiums eligible for reimbursement under my unreimbursed medical flex account?**

A. No. While your premium/employee contributions for your employer sponsored health plan may be available on a pre-tax basis through your employers cafeteria plan, insurance premiums (including Medicare premiums) are NOT an eligible expense for you to submit against your unreimbursed medical flex election.



## **Frequently Asked Questions & Answers Regarding Flexible Benefits**

**Q. Can the money designated for Health Care Reimbursement be transferred to Dependent Care Reimbursement (or vice versa)?**

A. No, the dollars you designate for each account are not transferable; they must be spent on expenses for the coverage they were designated for originally.

**Q. How do I know what my Flexible Spending Account balance is?**

A. Each time you use your plan, you will receive an Explanation of Benefits from Auxiant which shows the election (annual pledge), contributions to date, expenses to date, available contributions, unreimbursed expenses and payments to date. A sample Explanation of Benefits is included in this packet. In addition, all of this information is available on the Auxiant.com website under the AuxiantHealth link.

**Q. What happens if I terminate employment during the plan year?**

A. You will have an additional period of time (a run out period) after termination to submit claims for reimbursement but all claims must be incurred prior to your termination date. Please see your plan document or contact Auxiant with further questions.

**Q. Can I be reimbursed for Orthodontia fees all at once if I pay the entire amount to the orthodontist up front?**

A. Orthodontia - Unlike other HCFSA expenses which are deemed incurred when the services are rendered, orthodontia expenses are deemed incurred when paid. Therefore, only payments made during Your eligibility period and plan year may be reimbursed. Proof of payment to an orthodontic provider is required for reimbursement. Payments made toward orthodontia in a previous plan year or before your eligibility period are not reimbursable. This rule provides for two options for reimbursement. If a participant pays a lump sum up front then that payment can be reimbursed in full (provided the lump sum is paid during the same plan year from which reimbursement is requested and while the participant was covered under the plan). Second, participants that do not pay up front and opt for monthly payments can be reimbursed as those monthly payments are made (provided the monthly payment is paid during the same plan year from which reimbursement is requested and while the participant was covered under the plan). Again, **proof of payment is required**.

**Q. Are expenses for before-school and/or after-school care eligible under the dependent care account?**

A. Yes. If a child under the age of 13 receives before and/or after school care at school, you must separate the cost of the before and/or after school care from the cost of the school.

## Flexible Spending-Unreimbursed Medical Plan

### Eligible Qualified Medical Expenses

“Qualified Medical Expenses” under your Flexible Spending Unreimbursed Medical plan are the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body. These expenses include payments for legal medical services rendered by physicians, surgeons, dentists, and other medical practitioners; they include the costs of equipment, supplies, and diagnostic devices needed for these purposes; they also include the amounts you pay for transportation to get medical care. They do not include expenses that are merely beneficial to general health, such as vitamins, gym memberships or a vacation. The complete detail can be found at: <http://www.irs.gov/pub/irs-pdf/p502.pdf> and <http://www.irs.gov/pub/irs-pdf/p969.pdf>. *Expenses for you, your spouse, or any tax dependent (claimed on your tax return) are eligible for reimbursement.*

Below is a list of examples of **Eligible Expenses** to provide some general guidance:

- Acupuncture
- Alcoholism Treatment
- Ambulance Hire
- Artificial Limbs
- Artificial Teeth
- Birth Control Pills
- Braces – can be reimbursed on a monthly basis or as payment amount made
- Braille - Books & Magazines
- Car Controls for the Handicapped
- Care for Mentally Handicapped Child
- Chiropractors
- Christian Science Practitioners' Fees
- Co-Insurance amounts you pay
- Contact Lenses
- Cost of Operations & Related Treatments
- Crutches
- Deductible Medical Coverage Amounts You Pay
- Dental Fees
- Dental Orthodontic Services (on a monthly basis or actual amount paid)\*\*\*
- Dentures
- Diagnostic Fees
- Drug Supplies and Medical Supplies
- Eyeglasses, Including Examination Fee
- Fee of Practical Nurse
- Fees for Healing Services
- Handicapped Person's Special Schools
- Hearing Devices & Batteries
- Home Improvements Motivated by Medical Considerations
- Hospital Bills
- Hypnosis for Treatment of an Illness
- Insulin
- Laboratory Fees
- Laetrile by Prescription
- Lasik Eye Surgery
- Life Fee to Retirement Home for Medical Care
- Medical Information Plan
- Medically Necessary Expenses that are not covered under your medical plan
- Membership Fees in Association with furnishing Medical Services, Hospitalization & Clinical Care
- Nurses' Fees (Including Nurses' Board & Social Security Tax Where Paid by Taxpayer)
- Obstetrical Expenses
- Operations
- Orthodontic Services (on a monthly basis or actual amount paid with proof of payment)\*\*\*
- Orthopedic Shoes by Prescription
- Oxygen and Oxygen Equipment
- Physician Fees
- Physician-Recommended Swimming Pool or Spa Equipment Costs & Maintenance
- Psychiatric Care
- Psychologist Fees
- Mentally Handicapped Persons' Cost for Special Home
- Routine Physicals & Other Non-Diagnostic Services or Treatments
- Seeing-Eye Dog & Its Upkeep
- Special Diets
- Special Education for the Blind
- Special Plumbing for the Handicapped
- Sterilization Fees
- Surgical Fees
- Telephone, Special for Deaf
- Television Audio Display Equipment for the Deaf
- Therapeutic Care for Drug and Alcohol Addiction
- Therapy Treatments
- Transportation Expenses Primarily in the Rendering of Medical Service, i.e. Mileage to Hospital (\$0.23 per mile) or Cab fare in Obstetrical Cases
- Vitamins by Prescription issued at Pharmacy
- Wheelchair
- Wigs (with a medical diagnosis)
- X-ray

Examples of over-the-counter (OTC) items eligible for unreimbursed medical reimbursement as part of a flexible benefit cafeteria plan:

- Bandages
- Contact lens solution
- Physical Contraception (i.e. condoms)
- Incontinence Supplies
- First Aid Supplies

Examples of over-the-counter medications that **are not eligible** for reimbursement as part of a flexible benefit cafeteria plan without a physician's prescription to treat a specific medical condition include: (Medications must be issued with an **assigned prescription number by your pharmacy** to be flexible spending eligible)

- Acne Treatment
- Antacids
- Allergy Medications
- Anti-diarrhea Medicine
- Antibiotic Ointments
- Anti-Gas Medication
- Aspirin/Pain Relievers/Ibuprophen
- Baby Rash Ointment
- Calamine Lotion
- Chapstick or Lip Balm
- Cold Medicine
- Cough Drops
- Cosmetics
- Cotton Balls
- Deodorant
- Dietary Supplements
- Face Cream or Moisturizers
- Feminine Hygiene Products
- Fiber Supplements
- First Aid Creams
- Food Items (Slimfast)
- Hair Removal Treatment and Waxes
- Herbs
- Laxatives
- Massage Therapy
- Medicated Shampoos and Soaps
- Motion Sickness Medication
- Mouthwashes, Antiseptics or Oral Anesthetics
- Nasal Sprays
- Nicotine Medications and Gum
- Shaving Creams and Razors
- Suntan Lotion
- Suppositories & Creams for Hemorrhoids
- Teeth Whitening Kits and Powders
- Toothpaste
- Vitamins (taken to improve overall-health)
- Wart Removal Medication
- Weight Loss drugs for general well being

### \*\*\*ORTHODONTIC EXPENSES:

Orthodontia - Unlike other HCFSAs expenses which are deemed incurred when the services are rendered, orthodontia expenses are deemed incurred when paid. Therefore, only payments made during your eligibility period and plan year may be reimbursed. **Proof of payment** to an orthodontic provider is required for reimbursement. Payments made toward orthodontia in a previous plan year or before your eligibility period are not reimbursable. This rule provides for two options for reimbursement. If a participant pays a lump sum up front then that payment can be reimbursed in full (provided the lump sum is paid during the same plan year from which reimbursement is requested and while the participant was covered under the plan). Second, participants that do not pay up front and opt for monthly payments can be reimbursed as those monthly payments are made (provided the monthly payment is paid during the same plan year from which reimbursement is requested and while the participant was covered under the plan). Again, **proof of payment is required**.